
**THIRD SUPPLEMENTAL
TRUST INDENTURE**

between

COUNTY OF SAN BERNARDINO

and

BNY WESTERN TRUST COMPANY, as successor to
U.S. TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of May 13, 2003

Pertaining to:

\$8,000,000

**COUNTY OF SAN BERNARDINO
SINGLE FAMILY HOME MORTGAGE REVENUE BONDS
(MORTGAGE-BACKED SECURITIES PROGRAM)
2001 Series A-1**

\$15,312,789.50

**COUNTY OF SAN BERNARDINO
SINGLE FAMILY HOME MORTGAGE REVENUE BONDS
(MORTGAGE-BACKED SECURITIES PROGRAM)
2001 Series A-2**

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.01	Definition of Terms.....	2
Section 1.02	Successor Entities	2
Section 1.03	Conflict of Terms	2

ARTICLE II AMENDMENTS

Section 2.01	Amendments.....	3
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ARTICLE III MISCELLANEOUS

Section 3.01	Severability of Invalid Provisions	3
Section 3.02	Counterparts.....	3
Section 3.03	Conditions For Effectiveness	3
Section 3.04	Trustee's Approval.....	4

THIRD SUPPLEMENTAL TRUST INDENTURE

This THIRD SUPPLEMENTAL TRUST INDENTURE (this "Third Supplemental Indenture"), dated as of May 13, 2003, entered into by and between the COUNTY OF SAN BERNARDINO, CALIFORNIA, a political subdivision of the State of California (the "County"), and BNY WESTERN TRUST COMPANY, as successor trustee to U.S. Trust Company, National Association, having a corporate trust office in Los Angeles, as trustee under the Indenture (as hereinafter defined) (the "Trustee");

WITNESSETH:

WHEREAS, the County and the Trustee have entered into a Trust Indenture (the "Original Indenture"), dated as of June 1, 2001, that was amended pursuant to a Supplemental Indenture, dated as of October 16, 2001, and a Second Supplemental Trust Indenture, dated as of April 1, 2002, each by and between the County and the Trustee, (the "Supplemental Indentures," and together with the Original Indenture, the "Indenture") pursuant to which the County issued (i) its "County of San Bernardino, California, Single Family Home Mortgage Revenue Bonds (Mortgage-Backed Securities Program), 2001 Series A-1" (the "Series A-1 Bonds") and its (ii) its "County of San Bernardino, California, Single Family Home Mortgage Revenue Bonds (Mortgage-Backed Securities Program), 2001 Series A-2" (the "Series A-2 Bonds," together with the Series A-1 Bonds, the "Bonds") which Bonds were issued to provide funds to finance qualifying mortgage loans (the "Mortgage Loans") to qualified persons purchasing qualifying single family residences in accordance with the terms and conditions of the Origination and Servicing Agreements dated as of June 1, 2001 by and among the County, the Trustee, and the Lenders referred to therein (the "Agreement");

WHEREAS, pursuant to Section 5.03I (D)(ii), prior to the date no moneys remains on deposit in the A-1 Program Fund and the A-1 Targeted Area Program Account, moneys in the A-1 Capitalized Interest Account – LAG shall be withdrawn solely for transfer to the Rebate Fund or to the A-1 Interest Fund or the A-1 Program Expense Fund or to pay accrued interest of any GNMA Certificate Purchase Price and FNMA Certificate Purchase Price in the event other moneys on deposit in the A-1 Revenue Fund are insufficient to make required deposits into such funds pursuant to Section 5.04; provided, that the amount of money in the A-1 Capitalized Interest Account – LAG that shall be deemed available to cover any such deficiencies in other funds equal to the lesser of (y) the balance of funds in the A-1 Capitalized Interest Account – LAG and (z) the amount equal to 0.60% of the aggregate principal amount of FNMA Certificates and GNMA Certificates purchased with A-1 Bond proceeds on or prior to the date of such calculation. The remainder of the funds in the A-1 Capitalized Interest Account – LAG shall remain in the account and shall be used to tender for or redeem the A-1 Bonds on a Special Mandatory Tender Date, except that on the date no moneys remains on deposit in the A-1 Program Fund and the A-1 Targeted Area Program Account, the Trustee shall, transfer all other moneys remaining on deposit in the A-1 Capitalized Interest Account – LAG to the A-1 Revenue Fund;

WHEREAS, the County, desires to amend Section 5.03I (D)(ii), to provide that on the date no moneys remains on deposit in the A-1 Program Fund and the A-1 Targeted Area Program Account, the Trustee shall, retain the remaining funds on deposit in the A-1 Capitalized Interest Account – LAG and shall withdraw such funds solely for transfer to the A-1 Program Expense Fund or to redeem the A-1 Bonds if no Program Expenses Exist;

WHEREAS, Section 9.01(B) of the Indenture provides that the Indenture may be modified or amended at any time by a Supplemental Indenture, which shall become effective upon execution by the County and the Trustee, without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for certain purposes, including, by not limited to, “in regard to any matter or question arising under or in any matters relating to the Indenture, as the County may deem necessary or desirable, and which shall not materially adversely affect the interests of the Owners”;

WHEREAS; as required by the Indenture, in connection with the execution and delivery of this Third Supplemental Indenture, Bond Counsel has delivered to the Trustee an opinion to the effect that the Third Supplemental Indenture is authorized under the Act and by proper action of the County and that execution and delivery of this Third Supplemental Indenture will not adversely affect the exclusion of interest on any Bond from gross income for Federal income tax purposes;

WHEREAS, the Rating Agency has provided written evidence that the modification as provided under this Third Supplemental Indenture will not cause the rating on the A-1 Bonds to be reduced or withdrawn and the Trustee shall notify the Rating Agency upon entering into this Third Supplemental Indenture;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH: that the County and the Trustee, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.01 Definition of Terms. Except as otherwise provided herein, any capitalized terms used in this Third Supplemental Indenture and not otherwise defined shall have the same meanings as set forth in the Indenture.

Section 1.02 Successor Entities. All references in the Indenture and in this Third Supplemental Indenture to the County, the Trustee, the Master Servicer and the Lender shall be deemed to include the successor of each such entity, if any.

Section 1.03 Conflict of Terms. If there is any conflict between the terms of this Third Supplemental Indenture and the terms of the Indenture, the terms of this Third Supplemental Indenture shall control. Except as expressly modified by this Third Supplemental Indenture, however, the terms of the Indenture shall remain in full force and effect.

ARTICLE II

AMENDMENTS

Section 2.01 Amendments. Effective immediately upon the execution of this Third Supplemental Indenture, the first paragraph of Section 5.03I (D)(ii) of the Indenture is amended to read as follows:

(ii), prior to the date no moneys remains on deposit in the A-1 Program Fund and the A-1 Targeted Area Program Account, moneys in the A-1 Capitalized Interest Account – LAG shall be withdrawn solely for transfer to the Rebate Fund or to the A-1 Interest Fund or the A-1 Program Expense Fund or to pay accrued interest of any GNMA Certificate Purchase Price and FNMA Certificate Purchase Price in the event other moneys on deposit in the A-1 Revenue Fund are insufficient to make required deposits into such funds pursuant to Section 5.04; provided, that the amount of money in the A-1 Capitalized Interest Account – LAG that shall be deemed available to cover any such deficiencies in other funds equal to the lesser of (y) the balance of funds in the A-1 Capitalized Interest Account – LAG and (z) the amount equal to 0.60% of the aggregate principal amount of FNMA Certificates and GNMA Certificates purchased with A-1 Bond proceeds on or prior to the date of such calculation. The remainder of the funds in the A-1 Capitalized Interest Account – LAG shall remain in the account and shall be used to tender for or redeem the A-1 Bonds on a Special Mandatory Tender Date, except that on the date no moneys remains on deposit in the A-1 Program Fund and the A-1 Targeted Area Program Account, the Trustee shall, retain the remaining funds on deposit in the A-1 Capitalized Interest Account – LAG and shall withdraw such funds solely for transfer to the A-1 Program Expense Fund to pay Program Expenses or to redeem the A-1 Bonds, if no Program Expenses exist;

ARTICLE III

MISCELLANEOUS

Section 3.01 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Third Supplemental Indenture on the part of the County or the Trustee to be performed should be found by a court of competent jurisdiction to be contrary to law then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Third Supplemental Indenture.

Section 3.02 Counterparts. This Third Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03 Conditions For Effectiveness. This Third Supplemental Indenture shall be effective upon the fulfillment of the following conditions and terms:

(a) The Trustee shall have received from Fulbright & Jaworski L.L.P., as Bond Counsel, an opinion to the effect that the Third Supplemental Indenture (i) is authorized under the Act and by proper action of the County, (ii) that execution and delivery of the Third Supplemental Indenture will not adversely affect the exclusion of interest on any Bond from gross income for Federal income tax purposes; and (iii) that the execution and delivery of the Third Supplemental Indenture is authorized and permitted by the Indenture and will not breach or violate the Indenture or require any consent which has not been obtained under the Indenture.

(b) The Trustee shall have received a form of certificate of the County, including, among other things, that no Event of Default exist under the terms of the Indenture and an no event of default will arise under the Indenture with notice or lapse of time or both, as a result of the entry into such instrument by the parties thereto.

Section 3.04 Trustee's Approval. The County hereby directs the Trustee to consent to this Third Supplemental Agreement. By its execution hereof, the Trustee in compliance with such instructions consents to the amendments to and modifications of the Indenture made by this Supplemental Indenture.

IN WITNESS WHEREOF, the County of San Bernardino has caused this THIRD SUPPLEMENTAL INDENTURE to be signed in its name and attested by its duly authorized officers, respectively, and BNY Western Trust Company, as successor trustee to U.S. Trust Company, National Association, has caused this Supplemental Indenture to be signed in its name by its duly authorized officers, all as of the date hereinabove set forth.

J. RENEE BASTIAN

COUNTY OF SAN BERNARDINO

Attest:

Clerk of the Board

By _____
Thomas R. Laurin, Director
Dept. Economic and Community Development

APPROVED AS TO FORM BY
ALAN K. MARKS, COUNTY COUNSEL

BNY WESTERN TRUST COMPANY,
as successor trustee to
U.S. Trust Company, National Association,
as Trustee

By _____
Michelle D. Blakemore, Deputy

By _____
Authorized Signature